



Missouri Department of Revenue

Tax Bulletin

Volume 7, No. 3

Fall 1998



‘Directly’ Speaking . . .

When I last communicated with you, I told you about some progress you could be expecting over the year at the Department of Revenue, especially in the Division of Taxation and Collection. Happily, the promised changes are coming. Under the leadership of Carol Russell Fischer, the division has worked hard to achieve levels of performance justified by the new vision at the Department of Revenue: Simplify.

What are we simplifying? Everything, from the way we process our tax forms to the forms themselves. All of this is done in the effort to make complying with the law as easy and painless as possible while reducing costs for the department and its customers.

For the past 6 months, employees of the department have worked with you and other practitioners and taxpayers to help us achieve our desired outcomes:

- Increased customer satisfaction
- Reduced cost of compliance with laws, regulations and licenses
- Increased communication about results
- Increased voluntary compliance with tax requirements

The division has formed teams to take a comprehensive look at the individual income tax forms as well as the department's procedures in processing these forms. In order to have the greatest impact on customer satisfaction, these teams felt

it was imperative to talk with our customers to see what they want and don't want so we can make improvements accordingly. This was done through focus groups and conversation with taxpayers and tax practitioners, like you.

You will see first hand some of the results of our teams' work and your suggestions in the simplified forms you receive in January, in the quick turnaround time for a refund check next year and in the proposals for changes to the tax laws that the department pursues. It is estimated that the department and our customers could see savings exceeding \$63 million, while processing refund checks 80% faster in the first year.

In addition to our income tax efforts, several teams are working on sales tax issues as well. We are currently making improvements to the sales tax voucher, as well as simplifying our forms so they are easy to complete and their instructions are easy to understand. We are also taking a closer look at the sales and use tax rules and regulations in the goal of making them more user-friendly.

We recognize we have a long way to go, but we look forward to the challenges along the way. I will keep you informed on our progress. Please let us know how we can do even better.

Joanta Wilson

Director of Revenue

Missouri's New Form MO-1040B

by Kathy Mantle, Administrator, Central Processing Bureau, (573) 751-5820

Great things are happening in the Department of Revenue for this next tax season.

Earlier this year, Director Wilson, chartered a team to look at ways to help the individual income tax filing process become more user friendly. The team invited customers from different filing groups, i.e., single income filers who itemize; combined income filers who itemize; taxpayers who file Missouri returns and have other states income to report, to give us their ideas.

We asked these customers a series of questions, "What is one thing they would change about the individual income tax form?" "What would make a satisfying form?" "What do they want out of the form?" "What they don't want out of the form?" From their suggestions, desired features and list of outcomes, the team set out to implement the changes.

See Form MO-1040B page 2

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Form MO-1040B

from page 1

Based on the customers' request for a form more specific to their needs, a user friendly page layout, and common sense language, the Form MO-1040B was designed. This form provides clear instructions using icons, pictures, color and a list of Frequently Asked Questions (FAQs). We also designed it so the taxpayers that qualify to use this form will have minimal to zero blank lines left when the form is completed. We believe this will enhance taxpayers' peace of mind that the return is correct.

Those who qualify for this form are:

1. Married couples filing a combined return;
2. Both spouses have income;
3. Both spouses are Missouri residents and have only Missouri source income to report.

Those individuals who have the following information to report on their individual income tax return will need to use the Form MO-1040:

1. A non-resident, part-year resident or resident with income from another state;
2. Either spouse is in the military or has military pay to report;
3. There are any modifications to the taxpayer's income besides a state refund which was included in his/her federal income;
4. Miscellaneous or property tax credits to report;
5. There is a penalty due for underpayment of estimated tax;
6. This is an amended return;
7. There is a lump sum distribution to report or a recapture tax on low income housing.

Changes were also made on the Form MO-1040A in response to the focus groups suggestions. This next tax season, single income filers who itemize will be able to use this form. However, those who have the additional information to report, as in the Form MO-1040B, will need to use the Form

MO-1040. The new and improved Form MO-1040A also has pictures; icons, color, FAQs and the layout should appear to be more user friendly.

We are very excited about these new forms. We believe that the taxpayers that choose to use them will find that

completing their Missouri individual income tax return is much easier than before. We are also looking forward to getting feed back from the customers who use these forms. Based on their suggestions, we will continue to fine tune our individual income tax forms.

MARRIED FILING COMBINED — SHORT FORM		1998	
MISSOURI INDIVIDUAL INCOME TAX RETURN		FORM MO-1040B	
YOUR LAST NAME FIRST NAME MIDDLE INITIAL		YOUR SOCIAL SECURITY NUMBER	
SPOUSE'S LAST NAME FIRST NAME MIDDLE INITIAL		YOUR SPOUSE'S SOCIAL SECURITY NUMBER	
PRESENT ADDRESS (INCLUDE APT. NO. OR RURAL ROUTE)		COUNTY OF RESIDENCE	SCHOOL DISTRICT NO. (SEE PAGE 9-10)
CITY, TOWN OR POST OFFICE, STATE AND ZIP CODE			
PLEASE CHECK THE APPROPRIATE BOXES THAT APPLY TO YOU AND YOUR SPOUSE			
AGE 65 OR OLDER <input type="checkbox"/> YOURSELF <input type="checkbox"/> SPOUSE		BLIND <input type="checkbox"/> YOURSELF <input type="checkbox"/> SPOUSE	100% DISABLED <input type="checkbox"/> YOURSELF <input type="checkbox"/> SPOUSE
NON-OBLIGATED SPOUSE <input type="checkbox"/> YOURSELF <input type="checkbox"/> SPOUSE			
1. What did you report as your total income on your 1998 federal return? Enter Line 18 from the Worksheet on page 2.		2. Subtract any state income tax refund included in your 1998 federal income.	
3. Subtract Line 2 from Line 1. This is your Missouri income.		4. TOTAL INCOME. Add both numbers on Line 3 and enter here.	
5. Income percentages: Divide Line 3 by Line 4 for both you and your spouse. (The total of the two must equal 100%. Round to the nearest whole number.)			
6. Exemption amount for married persons filing a combined return.		7. What was your federal income tax reported on your 1998 federal return? Enter this amount or \$10,000, whichever is less.	
8. What is your standard or itemized deduction? See back of form for amounts.		9. Enter the total number of dependents you claimed on your federal return and multiply by \$1,200. (Do not include yourself or spouse)	
10. Enter the total number of dependents over age 65 you claimed on your federal return and multiply by \$1,000. Go to FAQ K.		11. TOTAL DEDUCTIONS. Add Lines 6 through 10 and enter here.	
12. TOTAL MISSOURI INCOME (Line 4) minus TOTAL DEDUCTIONS (Line 11)		13. Multiply Line 12 by the percentages you determined in Line 5. Do this for you and your spouse.	
14. Use the tax table on back of this form to figure the tax on amounts from Line 13 for you and your spouse.		15. TOTAL TAXES. Combine your and your spouse's taxes from Line 14.	
16. What is your and your spouse's Missouri withholding? Enter total amount from all Form W-2(s) and Form 1099-R(s).		17. Did you make any Missouri estimated tax payments for 1998? If so, include any amount of your 1997 refund credited to your 1998 estimated payments. (This may not apply to you.)	
18. TOTAL PAYMENTS. Add Lines 16 and 17 and enter the amount here.		19. If amount of TOTAL PAYMENTS (Line 18) is larger than amount of TOTAL TAXES (Line 15), enter the difference here. You have overpaid. If not, enter the amount on Line 23.	
20. You may donate part of your refund or contribute additional payments to any or all of the trust funds listed to the right. Please indicate your choices and the amount of your donation for each fund in the appropriate boxes.		21. What is the amount from Line 19 you want applied to next year's taxes?	
22. Your REFUND. Line 19 minus Lines 20 and 21. Mail to: Department of Revenue, P.O. Box 500, Jefferson City, MO 65106-0500.		23. If payments are smaller than tax, you have an AMOUNT DUE. Mail to: Department of Revenue, P.O. Box 329, Jefferson City, MO 65109.	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has any knowledge. As provided in Chapter 143, RSMo, a penalty of up to \$500 shall be imposed on any individual who files a fraudulent return.			
I authorize the Director of Revenue or delegate to discuss my return and enclosures with the preparer or any member of his/her firm. <input type="checkbox"/> YES <input type="checkbox"/> NO		PREPARER'S PHONE NUMBER	
YOUR SIGNATURE		DATE	
SPOUSE'S SIGNATURE		DAYTIME TELEPHONE	
PREPARER'S SIGNATURE		FEIN OR SSN	
PREPARER'S ADDRESS AND ZIP CODE		DATE	



Missouri Department of Revenue

Mel Carnahan, Governor; Quentin Wilson, Director of Revenue; Carol Russell Fischer, Director, Division of Taxation and Collection

Tax Bulletin is published three times a year by the Missouri Department of Revenue, Linda Bushman, Editor; Rob Davis, Printing Services Coordinator; Mitzi Crump, Senior Publications Specialist. Comments and suggestions should be sent to Missouri Department of Revenue, 301 W. High St., P.O. Box 629, Jefferson City, Missouri 65105-0629, or you may submit e-mail to Rob_Davis@mail.dor.state.mo.us

Rules Take Effect

Vickie Wood, Office of Legislation and Regulations, (573) 751-2110

There are two rules relating to taxes that either have recently gone into effect or will become effective in the near future. A short recap of each rule is listed below along with the rule number and remarks about the effective date of the regulation.

12 CSR 10-41.030 Power of Attorney. This amendment clarifies that submission of a power of attorney form will suffice as an official notification of mailing address changes.

Order of Rulemaking — Published in the Missouri Register 11/02/98.

12 CSR 10-44.010 Tire Fee Application. This amendment clarifies the

definition and the application of the tire fee to sales of tires. A new form published with the amendment, "Tire Fee Exemption Certificate", will help avoid confusion when selling tires to a registered tire retailer.

Rescinded and Re-adopted — Published in the Missouri Register 10/01/98. The 30-day comment period concluded 11/01/98.

If you would like to receive a copy of any of the rules listed above, please contact the Secretary of State, Administrative Rules Division, P.O. Box 778, Jefferson City, MO 65102.

State Holidays

State offices will be closed in observance of the following holidays.

December 25		Christmas Day
January 1		New Year's Day
January 18		Martin Luther King Day
February 12		Lincoln's Birthday
February 15		Washington's Birthday

Article X Distribution Update

by Ken Pearson, Administrator, Tax Administration Bureau, (573) 751-3804

In 1980, Missouri voters passed an amendment to the Missouri Constitution that limits the growth of total state revenues. The amendment requires the state to limit the annual growth of total state revenues in relation to the growth of personal income. When total state revenues in any fiscal year exceed the limit by 1% or more, the excess revenues must be distributed to taxpayers who filed income tax returns and paid income tax that year.

State revenues have exceeded the Article X revenue limit in fiscal years 1995, 1996, 1997 and 1998. Court challenges delayed the distribution of excess revenues for 1995 and 1996 until the spring of 1998.

Following the Missouri Supreme Court's decision in **Missourians for Tax Justice Education Project vs. Holden**, S.W. 2d (Mo. banc 1997) (see *Tax Bulletin*, Spring 1998 for a summary of this deci-

sion), the Missouri Department of Revenue prepared to issue Article X distribution checks. Over a nine week period, beginning in February 1998, the department mailed checks to approximately 2.1 million income taxpayers. Because court challenges delayed the distributions for fiscal years 1995 and 1996, taxpayers' shares of the excess revenues for those years were combined into one check for each taxpayer. The amount of excess revenue distributed was \$147 million for fiscal year 1995 and \$229 million for fiscal year 1996. The amount distributed to each taxpayer was approximately 5% of the Missouri income tax liability paid and reported by income taxpayers for those years.

The department received 65,000 returned distribution checks. Staff researched each check for a new address, and if found, the check

was forwarded to the new address. A complete listing of returned Article X distribution checks can be found on the department's web site. <http://dor.state.mo.us>

The department began distribution of \$319 million in excess revenues for fiscal year 1997 on September 11 and completed the distribution the first week of November. That distribution equals approximately 9% of the Missouri income tax liability paid and reported by income taxpayers in 1997.

Because state tax revenues exceeded the constitutional limit again in fiscal year 1998, income taxpayers will receive another distribution of approximately \$245 million in the fall of 1999.

Taxpayers who wish more information concerning the Article X distribution are invited to visit the department's web site, listed above.

The Year 2000

by Stacy Gillmore, Administrator, Information Technology Bureau, (573) 751-5699

The Year 2000 is a major issue confronting organizations today. The Division of Taxation and Collection (division) takes it very seriously and providing solutions that protect our customers is a critical concern.

Even if you don't understand all the issues, you've probably heard something about the Year 2000, or Y2K Problem. It's not difficult to understand from a technical point of view. The problem stems from three main issues: two-digit date storage, leap year calculations, and special meanings for dates.

The most common and most damaging problem occurs when software has been written to store and/or manipulate dates using only two digits for the year. Calculations built upon these dates will not execute properly because they will not see dates in the Year 2000 and beyond as being larger numbers than those before the Year 2000.

There are several reasons why organizations made the decision to use two-digit years. The most common was simply a matter of making efficient use of computer storage and memory at a time when both were very expensive. By asking the programmers to conserve just two bytes per record in memory (the "19" of 1995, for example), organizations were able to save millions of dollars. In the interest of efficiency, condensing data to its smallest workable form was, and still is, a standard practice.

To complicate matters, society perpetuates the use of two-digit years. For example, when was the last time you wrote out the four-digit year on a check or filled in your birth date on a form and used all four digits of the year? It's natural for us to use two-digit years, because the human mind can interpret them contextually. We unconsciously use the surrounding text to reason that a date probably falls in the Year 2000.

The computer will simply do as it's told and assume a "19" in front of the two-digit year.

The decision was further rationalized by the belief that none of these systems would still exist in the Year 2000. Many of the computer systems and programs used in the division fit this description. There are programs in the division that have been used for more than twenty years — twice as long as originally expected!

The division began analyzing the Year 2000 impact on these systems in 1995 and major revisions were underway by January of last year. Most of the systems have already been updated to handle the Year 2000. The remaining

systems are on schedule to be completed by July 1999.

In addition to programs that were developed internally, the division is also evaluating and correcting hardware and software that was purchased from outside vendors. We are committed to making our information systems function smoothly into the next century.

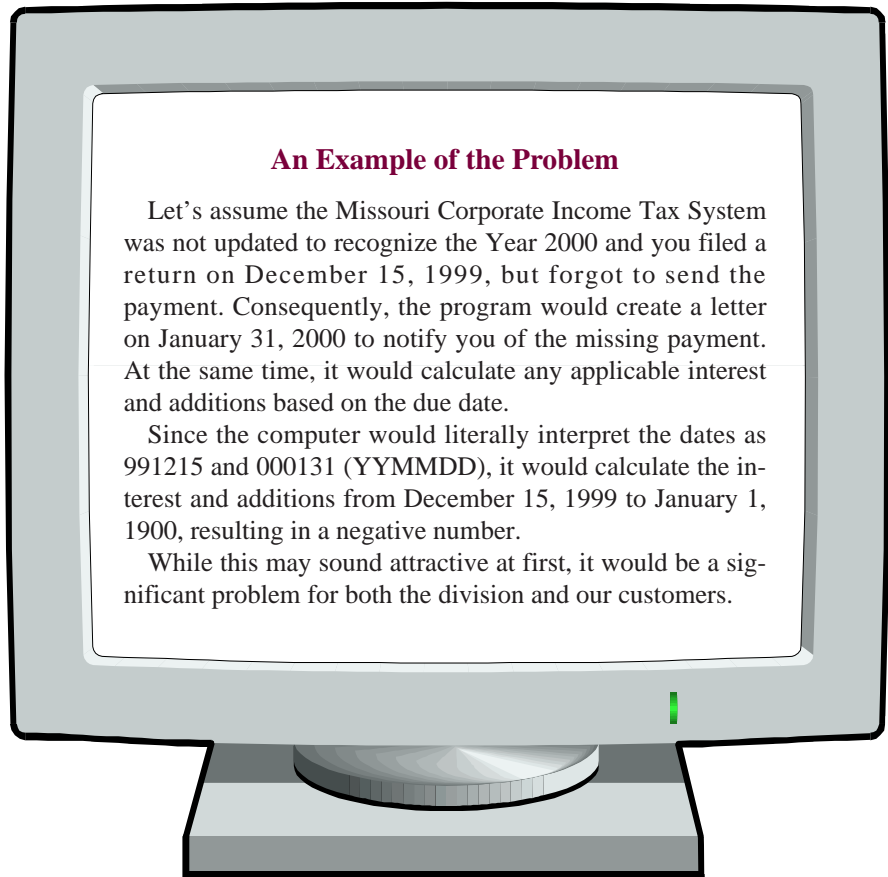
If you have any questions or would like more information, please contact me by phone at (573) 751-5699 or e-mail at stacy_gillmore@mail.dor.state.mo.us. Statewide Year 2000 Information can be found at the Office of Information Technology's World Wide Web Site <http://www.oit.state.mo.us/efforts/y2k>.

An Example of the Problem

Let's assume the Missouri Corporate Income Tax System was not updated to recognize the Year 2000 and you filed a return on December 15, 1999, but forgot to send the payment. Consequently, the program would create a letter on January 31, 2000 to notify you of the missing payment. At the same time, it would calculate any applicable interest and additions based on the due date.

Since the computer would literally interpret the dates as 991215 and 000131 (YYMMDD), it would calculate the interest and additions from December 15, 1999 to January 1, 1900, resulting in a negative number.

While this may sound attractive at first, it would be a significant problem for both the division and our customers.



1998 Income Tax Changes

by Cynthia Doss, Assistant Supervisor, Income Taxes Section, Tax Administration Bureau, (573) 751-5746

There are several legislative changes affecting income tax for 1998. Listed below are the significant changes for the 1998 tax year.

Individual Income Tax—Effective January 1, 1998, the dependent deduction has been increased to \$1,200 per dependent. An additional \$1,000 deduction is allowed to any taxpayer with a dependent who is at least 65 years of age, who resides in the taxpayer's home, the dependent's home or resides in certain care facilities as long as the dependent does not receive Medicaid or state funding. Taxpayers who receive a private pension will be allowed an exemption that will be phased in starting in tax year 1998 with an exemption amount of \$1,000.

Property Tax Credit—Effective January 1, 1998, the maximum level of income allowed to qualify for the property tax credit has been increased to \$25,000 for single and \$27,000 for

married filing combined and the minimum level was increased to \$13,000. In addition, individuals who are 60 years of age or older as of December 31, 1998 (born before 1939) and receive surviving spouse social security benefits during 1998, qualify for the property tax credit. The Department of Revenue is also required to notify taxpayers who have not filed a property tax credit claim that they may be eligible to receive the property tax credit.

Miscellaneous Tax Credits—There were five new tax credits established for tax year beginning January 1, 1998. The credits that have been established are: Maternity Home Credit, Shelter for Victims of Domestic Violence Credit, Historic Preservation Credit, Sponsorship and Mentoring Program Credit and Charcoal Producers Credit. If eligible, the taxpayer will use Form MO-TC, Miscellaneous Tax Credits, to claim the credit.

Letter Rulings

by General Counsel's Office, (573) 751-2633

The following is a list of the letter rulings issued during the period of July 17, 1998 to September 9, 1998.

CL1114	Prosthetic Devices—Skin Coverings
CL1129	Place of Amusement—Political Sub-Fair
CL1064	Applicability of Sales Tax to Dues and Operating Assessment
CL1240	Special Apportionment Method
CL1283	Diesel Fuel
CL1188	Sales/Use Tax on Property Tax Assessments
CL1143	Parts/Labor
CL1182	Food Service
CL1122	Sales by Out-of-State Businesses

Copies of the sanitized version of these letter rulings are available at a cost of \$1.10 plus sales tax of 6.225% each by writing to the Department of Revenue, General Counsel's Office, P.O. Box 475, Jefferson City, MO 65105-0475. Copies may also be obtained from the department's bulletin board system (573) 751-7846 or its Internet Web page <http://dor.state.mo.us>.

Tax Assistance Centers

The Taxpayer Services Bureau operates seven area Tax Assistance Centers throughout the state. These Tax Assistance Centers exist to assist taxpayers in complying with Missouri tax filing requirements.

The Tax Assistance Centers are located at:

Cape Girardeau

3102 Blattner Dr., Ste. 102
(573) 290-5850

Jefferson City

2018 William St.
(573) 751-7191

Joplin

1110 E. 7th St., Ste. 400
(417) 629-3070

Kansas City

615 E. 13th St., Rm. B2
(816) 889-2944
(816) 889-2920 (Income Tax Only)

St. Joseph

525 Jules, Rm. 314
(816) 387-2230

St. Louis

2510 S. Brentwood, Ste. 300
(314) 301-1660

Springfield

149 Park Central Square, Rm. 313
(417) 895-6474

(All office hours are 7:45 a.m. – 4:45 p.m.)

The Department of Revenue plans to open an additional Tax Assistance Center in Columbia in the Spring of 1999.

The department recently closed the Kirksville Tax Assistance Center. However the department is committed to maintaining a presence in the Northeast area of the state and providing customer services in the most cost efficient manner. For immediate assistance in the Northeast area, please call (573) 751-7791.

Court Cases

by General Counsel's Office, (573) 751-2633

Income Tax

The Rival Company v. Director of Revenue, Case No. 97-001155 RI (AHC, 9/16/98).

The Rival Company (Taxpayer) was a manufacturer located in Missouri who sold goods to customers located outside of Missouri. It filed tax returns for 1989 and 1990 under single-factor apportionment. Taxpayer claimed dock sales where an out-of-state customer picked up merchandise from the Taxpayer's factory (dock) in the customer's trucks as partly within and partly without under single-factor apportionment. Upon audit, the department changed the dock sales from partly within and partly without to wholly within.

The Administrative Hearing Commission (AHC) concluded that a sale is partly within and partly without this state if the seller's shipping point is in this state and the purchaser's destination point is outside this state. However, the AHC stated that seller's shipping point

and purchaser's destination point do not have to have parallel construction, and that there was no law interpreting purchaser's destination point. The AHC used the dictionary definition of destination: the end of the journey; a place or point aimed at. The AHC concluded that because the customers intended for the goods to end up outside of Missouri, the destination point was outside of Missouri. From this, the AHC concluded that the dock sales were partly within and partly without Missouri under single-factor apportionment.

Income Tax

John J. Gazzoli, Jr. and Kathleen S. Gazzoli v. Director of Revenue, Case No. 96-000775RI (AHC, 5/5/98).

John J. Jr. and Kathleen S. Gazzoli (Taxpayers) were shareholders in a corporation that owned an apartment building. When the building was sold, the Taxpayers reported their portion of gain on their individual income tax return for 1993. Years later, a lawsuit was brought by the buyers of the building. The corporation settled the lawsuit,

and the Taxpayers paid \$20,833 as their part of the settlement. On the federal return, the Taxpayers took a credit under IRC section 1341 (a)(5) (claim of right). They also attempted to take a claim of right credit on their Missouri return. The department disallowed the claim of right credit and issued a notice of deficiency for the balance due.

When a taxpayer receives a federal credit under I.R.C. section 1041(a)(5), the taxpayer is not entitled to a deduction on the Missouri return for the repayment. The Administrative Hearing Commission (AHC) held that there is no provision in current statutes to allow a claim of right deduction.

The Taxpayers also argued that estoppel prevented the director from disallowing the claim of right credit, because an employee of the department informed the Taxpayers' accountant that Missouri followed federal treatments. The AHC said that estoppel must be at the level of affirmative misconduct or manifest injustice and the department changing its position did not rise to this level.

Income Tax

Virgil I. Elliott v. Director of Revenue, Case No. 96-000564 RI (AHC, 6/18/98).

In June 1992 the IRS placed a lien on farm land owned by Virgil I. Elliott (Taxpayer). The Taxpayer sold the land in 1993 and paid the proceeds to the IRS. The IRS's records reflected that the transaction was taxable. The Taxpayer did not file a 1993 Missouri income tax return or pay 1993 Missouri income tax. The IRS reported to the director that the Taxpayer had an adjusted gross income of \$44,656 for 1993 and, based on that information, the director assessed the Taxpayer \$1,644.94 in Missouri tax, plus interest and additions to tax.

The Taxpayer argued that he had an agreement with the IRS that the pro-

ceeds of the sale would be treated as nontaxable, but the IRS failed to follow the agreement. The Administrative Hearing Commission (AHC) found that the Taxpayer failed to show any evidence of the documents to the agreement with the IRS and failed to meet his burden to show his federal adjusted gross income was other than \$44,656, as the IRS reported, and that this income was not taxable under the laws of the United States or the state of Missouri. The Taxpayer also failed to show that his 1993 Missouri income tax liability is other than \$1,644.96, as the director assessed.

The AHC found that the Taxpayer was subject to tax and interest, but concluded that he was not liable for additions to tax because he held a good faith belief that he was not subject to 1993 Missouri income tax and that he was not required to file a return.

Income Tax

Robert L. Cornwell v. Director of Revenue, Case No. 97-002401 RI (AHC, 7/29/98).

Robert L. Cornwell (Taxpayer) did not file federal or state income tax returns for 1990 and 1993. The IRS estimated his income, and the Department of Revenue assessed him based on the IRS information. Taxpayer argued that his income as a minister was tax exempt, and that the IRS overestimated what he made.

The Administrative Hearing Commission (AHC) ordered the Taxpayer, after the hearing, to submit information that would indicate how much he actually made. Taxpayer did not submit all of the requested information, and the AHC said he did not carry his burden of proof as to the IRS numbers being incorrect. Taxpayer was found liable for the assessments, including additions and penalties.

Sales Tax

William P. Olson v. Director of Revenue, 97-001133RV (AHC, 4/30/98).

William P. Olson (Taxpayer) purchased a motor vehicle while domiciled in this state. Taxpayer failed to register the motor vehicle or pay Missouri sales taxes on the purchase price. At the time he purchased the motor vehicle, he was in the U.S. Army Reserve. The director issued a Final Decision assessing him taxes for his failure to register the motor vehicle within thirty days of the date of purchase.

Taxpayer claimed that he was not liable for the sales tax or the title penalty because he had registered the motor vehicle in the state of Oklahoma, his military home of record,

and paid the taxes. He also argued that he was excused from paying the taxes due to the Soldiers and Sailors Relief Act of 1940. The Director of Revenue argued that the Soldiers and Sailors Relief Act was not applicable and that any taxes paid to the state of Oklahoma were paid in error because Taxpayer was domiciled in the state of Missouri at the time the motor vehicle was purchased.

The Administrative Hearing Commission found in favor of the Director of Revenue. It agreed that at the time of purchase of the motor vehicle, Taxpayer was a Missouri resident and, that the Soldiers and Sailors Relief Act was inapplicable because at the time of purchase, he was not on active duty.

Income Tax

John B. Waldo and Linda R. MacGorman v. Director of Revenue, Case No. 97-0002997 RI (AHC, 6/18/98).

John B. Waldo and Linda R. MacGorman (Taxpayers) challenged a Final Decision denying their claim for interest on an offset of a 1996 income tax refund applied to their 1994 income tax liability. Taxpayers argued that they were entitled to interest under the provisions of Sections 143.784.4 and 143.786, which authorize the director to offset an income tax overpayment against a debt owed to a state agency. Section 143.781.6 provides that if there is a final determination that the taxpayer is entitled to receive all or part of the setoff pursuant to Sections 143.782 to 143.786, the taxpayer shall receive interest as provided in Section 143.811.

The Administrative Hearing Commission (AHC) said that Taxpayers' 1996 Missouri income tax return was due by April 15, 1997, at the earliest. The director refunded the 1996 set off to Taxpayers by August 1, 1997, which was within four months of that time as provided in Section 143.811.4. The AHC said that Section 143.811 did not allow payment of interest in this case.

Income Tax

Ronald E. James v. Director of Revenue, 97-002973 RI (AHC, 10/20/98).

Ronald E. James (Taxpayer) filed federal and state income tax returns for 1996. Taxpayer was a Missouri resident for all of 1996, and an ex-member of the military. When he was a member of the military, taxpayer's military home of record was Illinois. On his federal return, Taxpayer indicated a sum for military backpay. On his Missouri return, taxpayer subtracted that sum as a modification. The Taxpayer argued that the income was Illinois income, and not taxable to Missouri.

The Administrative Hearing Commission found that subtractions to income are a matter of legislative grace and there was no subtraction or deduction for military backpay. Had taxpayer paid income tax to Illinois on the amount, he would have been entitled to a credit; however, taxpayer did not pay income tax to Illinois on the amount.

Taxpayer was found liable for the assessment, plus interest.

Income Tax

Rentco Trailer Corporation v. Director of Revenue, Case No. 97-001373 RI (AHC, 7/31/98).

Rentco Trailer Corporation (Taxpayer) owned over-the-road trailers. Taxpayer and an affiliate, AJF, entered into a Fleet Management Agreement, which gave AJF control of Taxpayer's trailers. AJF rented the trailers to customers, and paid Taxpayer the amount of 115% of depreciation of the trailers, plus interest expense on the debt for the trailers. AJF maintained the trailers. Using the three-factor apportionment, Taxpayer reported only the property factor, basing it upon where AJF based the trailers, instead of actual time in Missouri. The department assessed Taxpayer using a sales factor as well as property.

The Administrative Hearing Commission said that estimating the property by where the trailers were based was an acceptable estimation. It also used that percentage, multiplied by the amount of the compensation paid by AJF to Taxpayer, plus gains from the sale of property, as the sales factor.

Income Tax

Daniel S. and Linda J. Norton v. Director of Revenue, Case No. 97-000646 RI (AHC, 6/17/98).

Daniel S. and Linda J. Norton (Taxpayers) challenged a Final Decision assessing income tax, additions, penalty and interest for 1991 and 1992. Taxpayers asserted that the imposition of the income tax for those years violated the Hancock Amendment to the Missouri Constitution: Mo. Const. art. X, sections 16 through 24.

The Administrative Hearing Commission said that Mo. Const. art. X, section 8, specifically provides that if the total state revenues exceed the revenue limit, the excess revenues shall be refunded to the taxpayers. The constitutional provision does not excuse payment of the tax liability and therefore taxpayers were liable for the income tax as reported on their returns and as the director assessed.

Direct Deposit for Telefile

by Maria Micke, Central Processing Bureau, 573-751-3930



Taxpayers who file their 1998 Individual Income Tax returns by Telefile will be able to opt for direct deposit! The telefile worksheet asks for the routing transit number, deposit account number and type of account. The telefile system will prompt the taxpayer for this information when they elect direct deposit.

Both the taxpayer and the Department of Revenue will benefit from direct deposit. Direct deposit will save the department the costs of processing and issuing refund checks. Missouri taxpayers can eliminate a trip to the bank and receive his/her refund faster by avoiding mail time.

Common Electronic Filing Errors (Sales Tax, Employer's Withholding Tax)

by Maria Micke, Central Processing Bureau, (573) 751-3930

1. Taxpayers use the file period associated with their federal filing rather than the file period for the Missouri filing.
2. Taxpayers use Federal Identification Number (FEIN) rather than the Missouri identification number.
3. Taxpayers did not complete a Trading Partner Agreement before attempting to file.
4. Taxpayer/Taxpayer's financial institution fails to include the Tax Identification Number in the electronic transaction.
5. Taxpayer/Taxpayer's financial institution fails to fill all the digits (cents) in the withholding amount field.
6. Taxpayer/Taxpayer's financial institution includes extra characters after the ending delimiter (\).
7. Taxpayer/Taxpayer's financial institution places extra spaces behind the withholding amount or leaves the field blank.
8. Taxpayer/Taxpayer's financial institution uses an incorrect tax type code for withholding tax filings. P should reference Form MO-941P, A or a space should reference monthly, quarterly or annual Form MO-941.
9. Taxpayers try to file on a closed account number.
10. Taxpayers file both a paper and an electronic return.

Revised Sales Tax Return

by Dave Coulter, Manager, Taxpayer Services Bureau, (573) 751-3958

The Division of Taxation and Collection is currently in the process of revising the Form 53-1, Sales Tax Return. This is the return filed by businesses with multiple business locations.

The revisions that are currently being reviewed include: taxpayer assistance numbers; highlighting and enlarging the space for the Missouri Integrated Tax Account Number; highlighting and enlarging the filing period and due date; eliminating the itemized adjustments;

moving the final return instructions to the front of the return; and replacing the final return page with instructions for completing the return.

The target date for the implementation of the revised sales tax return is January 1, 1999.

These revisions were proposed by the sales tax charter team established by the director of revenue. The mission of the team was to design the sales tax form to simplify the process for filers.

Important Numbers

Form ordering
(toll free) (800) 877-6881

Form order questions (573) 751-5337

Forms-by-Fax (573) 751-4800

Bulletin Board
System (573) 751-7846

Electronic Filing
Information (573) 751-3930

Individual Income/Property
Tax Credit Refund
Inquiry Line (800) 411-8524

Internet Address
..... <http://dor.state.mo.us>



MISSOURI DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
MISSOURI TAX FORM AND PUBLICATION ORDER

FORM
MO-33
(REV. 8-98)

DLN

The Missouri Department of Revenue's Form MO-33 is designed to assist you in ordering Missouri state tax forms.

Any combination of ten (10) forms, with the exception of listed tax publications, may be ordered without charge. To offset shipping, handling and printing costs, orders exceeding a total of ten (10) forms must be accompanied by payment of \$10.00 per hundred forms (or fraction thereof) requested. Please use the price chart at the bottom of this page when figuring the amount due. Tax publications, which are sold at a set cost per unit, may also be ordered on the bottom of this page.

Orders will be filled and shipped in the order received, as soon as all requested forms and publications are available for distribution. Partial shipments, with the exception of the Missouri Package Mo-X, will not be made. Orders may be submitted at any time. We do, however, ask that you order your entire anticipated annual supply at one time. In order for our office to provide you with your forms and publications in a timely manner, please place your order prior to December 1, 1998. Forms will be shipped approximately January 1, 1999. If you place an order for 1998 tax forms, a 1999 order form will automatically be sent to you in September, 1999.

NOTE: ANY ORDER RECEIVED WITHOUT CORRECT PAYMENT, INCLUDING SALES TAX, WILL BE RETURNED TO YOU UNPROCESSED.

ELECTRONIC FORMS AND PUBLICATIONS

Forms by Fax: To access our "Forms by Fax" system call (573) 751-4800 from your fax machine handset. The "Forms by Fax" system will take you through the steps necessary to fax you a copy of the forms you need, if available. Only current year forms are maintained on the "Forms by Fax" system.

Missouri Department of Revenue Bulletin Board (MODOR BBS): The Missouri Department of Revenue has its own on-line Bulletin Board. To access the Bulletin Board the number is (573) 751-7846. The Department provides most tax forms, tax publications, law changes, the *Tax Bulletin* and many other informational articles on the Bulletin Board.

Internet/World Wide Web: The Missouri Department of Revenue has established a presence on the Internet with its Home Page on the World Wide Web. Individuals with access to the Internet can obtain informational materials and Missouri tax forms via our Home Page. The address for our Home Page is: <http://dor.state.mo.us>

ADDRESS INFORMATION (PLEASE PRINT OR TYPE)

COMPANY NAME

ATTENTION (IF NEEDED)

PHONE NUMBER

STREET ADDRESS (PLEASE DO NOT USE POST OFFICE BOXES)

CITY

STATE

ZIP CODE

COMPLETE THE REVERSE SIDE OF THIS FORM FIRST. THEN PROCEED BELOW.

	PUBLICATION NAME	COST PER PUBLICATION	REVISION DATE	NUMBER REQUESTED	AMOUNT DUE
A	Package Mo-X/DOR <i>Tax Bulletin</i> subscription (Combination of B and C below)	\$ 14.00	1998		
B	Package Mo-X — Contains 1998 Missouri tax forms (DOR-2056)	\$ 8.50	1998		
C	<i>Tax Bulletin</i> Subscription — Published 3 times yearly	\$ 6.00	1999		
D	Income Tax Law Book (DOR-1909)	\$ 7.00	1998		
E	Sales/Use Tax Law Book (DOR-1780)	\$ 7.00	1998		
F	Financial Institution Tax Law Book (DOR-2850)	\$ 7.00	1998		
G	Motor/Special Fuel Tax Law Book (DOR-2269)	\$ 7.00	1998		
H	Cigarette & Tobacco Products Tax Laws & Rules Book (DOR-1899)	\$ 7.00	1998		
I	Estate Tax Law Book (DOR-2338)	\$ 7.00	1998		
J	Form 2643 — Missouri Tax Registration Application (1–3 Free)	\$ 3.50	1998		
K	1998 Missouri tax forms and instructions on diskette <input type="checkbox"/> Windows 95 <input type="checkbox"/> Windows 3.X <input type="checkbox"/> Mac	\$ 12.00	1998		
L	1998 Missouri tax forms and instructions on CD-ROM (includes tax law books, major IRS tax forms and major income tax forms from participating states that border Missouri) <input type="checkbox"/> Windows <input type="checkbox"/> Mac	\$ 12.00	1998		
TOTAL NUMBER OF PUBLICATIONS ORDERED AND TOTAL COST OF PUBLICATIONS					

PRICE CALCULATIONS

1. Total number of forms ordered (from back of form)	
2. Cost of forms ordered (see price chart on the right)	
3. Cost of publications ordered (from above)	
4. Subtotal (add Lines 2 and 3)	
5. Tax (multiply Line 4 by 6.225%)	
6. TOTAL DUE (add Lines 4 and 5)	

PRICE CHART

No. of Forms	Cost
0–10	Free
11–100	\$ 10.00
101–200	\$ 20.00
201–300	\$ 30.00
301–400	\$ 40.00
Each Additional 100	\$ 10.00

After completion, send this form with a check or money order made payable to "Director of Revenue" to: MISSOURI DEPARTMENT OF REVENUE, P.O. BOX 3022, JEFFERSON CITY, MO 65105-3022.

INDIVIDUAL INCOME TAX FORMS				CORPORATION INCOME TAX FORMS			
	NUMBER REQUESTED	FORM NUMBER	FORM DESCRIPTION		NUMBER REQUESTED	FORM NUMBER	FORM DESCRIPTION
A		MO-1040/MO-A	Individual Income Tax Return and Adjustments	A		MO-1120	Corporation Income Tax Return
B		MO-1040A	Individual Income Tax Return Short Form	B		MO-1120X	Amended Corporation Income Tax Return
C		MO-60	Application for Extension of Time To File	C		MO-2220	Corporation Underpayment of Estimated Tax
D		MO-CR	Credit for Income Taxes Paid to Other States	D		MO-1120ES	Declaration of Estimated Tax for Corporations
E		MO-NRI	Nonresident Income Percentage	E		MO-MS	Corporation Allocation and Apportionment of Income
F		MO-CRP	Certification of Rent Paid	F		DOR-8821	Authorization for Release of Confidential Information
G		MO-PTC	Property Tax Credit Claim	G		DOR-472A	Application for Tax Credit/Refund
H		MO-1041	Fiduciary Income Tax Return	H		MO-C	Missouri Dividends Deductions
I		MO-NRF	Nonresident Fiduciary Form	I		MO-1120S	S Corporation Income Tax Return
J		MO-1065	Partnership Return of Income	J		MO-NRS	S Corporation Nonresident Form
K		MO-NRP	Nonresident Partnership Form	K		MO-MSS	S Corporation Allocation and Apportionment Form
L		MO-2210	Underpayment of Estimated Tax By Individuals	L		MO-TC	Miscellaneous Income Tax Credits
M		MO-1040ES	Estimated Tax Declaration for Individuals	M		DOR-2827	Power of Attorney
N		DOR-1937	Request for Photocopy of Missouri Income Tax Return	TOTAL CORPORATION INCOME TAX FORMS ORDERED			
O		DOR-374	Statement of Nonresidency				
P		DOR-558	Military Information	EMPLOYER'S WITHHOLDING TAX FORMS			
Q		MO-8453	Individual Income Tax Declaration for Electronic Filing				
		TOTAL INDIVIDUAL INCOME TAX FORMS ORDERED			NUMBER REQUESTED	FORM NUMBER	FORM DESCRIPTION
SALES/USE TAX FORMS				A		MO-941	Employer's Report of Income Taxes Withheld
				B		MO-941X	Withholding Tax Overpayment Amended Report
	NUMBER REQUESTED	FORM NUMBER	FORM DESCRIPTION	C		MO-941U	Withholding Tax Underpayment Amended Report
A		DOR-53-1	Sales Tax Return	D		MO-941XX	Quarter-Monthly Amended Withholding Tax Return
B		DOR-53U-1	Use Tax Return	E		MO-941P	Quarter-Monthly Payment of Income Taxes Withheld
C		DOR-126	Registration Change Request	F		MO-941R	Annual Reconciliation Report of Income Taxes Withheld
D		DOR-472	Request for Sales/Use Tax Cash Bond Refund	G		MO-941F	Employer's Withholding Final Report
E		DOR-472-B	Application for Tax Refund/Credit	H		DOR-2034	Application for Withholding Tax Refund
F		DOR-1746	Missouri Sales/Use Tax Exemption Application	I		MO-W4	Employee's Withholding Allowance Certificate
G		DOR-149	Multi-Jurisdiction Sales Tax Exemption Certificate	J		MO-96	Annual Summary and Transmittal of Form MO-99
		TOTAL SALES/USE TAX FORMS ORDERED		K		MO-99 MISC	Information Return for Recipients of Miscellaneous Income
				TOTAL EMPLOYERS WITHHOLDING TAX FORMS ORDERED			

Questions concerning the completion of this form, or form and publication orders in general, may be addressed by calling (573) 751-5337, Monday through Friday, 7:45 a.m. to 4:45 p.m. Orders for a total of ten (10) or less forms may also be made by calling (800) 877-6881. These publications are available upon request in alternative accessible formats, TDD (800) 735-2966.

Business Tax Training Seminars

The Missouri Department of Revenue conducts business tax seminars to familiarize new businesses with tax related issues. Seminars cover sales tax, withholding tax and business tax registration. Within is a list of dates, times and the location of each seminar. Please complete, detach and return the enrollment form to the corresponding office. Please include a daytime telephone number so we can confirm your attendance.

Cape Girardeau Tax Assistance Center
3102 Blattner Dr., Suite 102, PO Box 909
Cape Girardeau, MO 63702-0909

June 12, 1999 — 1:00 p.m. to 3:00 p.m.; 3102 Blattner Drive, Suite 102, Cape Girardeau, MO

Jefferson City Tax Assistance Center
2018 William St.
Jefferson City, MO 65109

January 7, 1999 — 10:00 a.m. to 12:00 p.m.; University of Missouri, Extension Center, 1012 N. Hwy. UU, Columbia, MO

May 5, 1999 — 10:00 a.m. to 12:00 p.m.; University of Missouri, Extension Center, 2436 Tanner Bridge Road, Jefferson City, MO

Joplin Tax Assistance Center
1110 E. Seventh St., Suite 400
Joplin, MO 64801

May 5, 1999 — 9:00 a.m. to 11:00 a.m.; Tax Assistance Center, 1110 E. Seventh St., Suite 400, Joplin, MO

Kansas City Tax Assistance Center
615 E. Thirteenth St., Room 127
Kansas City, MO 64106

February 19, 1999 — 2:00 p.m. to 4:00 p.m.; Tax Assistance Center, 615 E. 13th St., Room 127, Kansas City, MO

May 14, 1999 — 2:00 p.m. to 4:00 p.m.; Tax Assistance Center, 615 E. 13th St., Room 127, Kansas City, MO

Springfield Tax Assistance Center
149 Park Central Sq., Room 313
Springfield, MO 65806

December 4, 1998 — 3:30 p.m. to 4:30 p.m.; Tax Assistance Center, 149 Park Central Square, Room 313, Springfield, MO

March 5, 1999 — 3:30 p.m. to 4:30 p.m.; Tax Assistance Center, 149 Park Central Square, Room 313, Springfield, MO

St. Joseph Tax Assistance Center
525 Jules, Room 314
St. Joseph, MO 64501

March 23, 1999 — 1:00 p.m. to 3:00 p.m.; Tax Assistance Center, 525 Jules, Room 314, St. Joseph, MO

St. Louis Tax Assistance Center
2510 S. Brentwood, Suite 300
Brentwood, MO 63144

January 13, 1999 — 10:00 a.m. to 12:00 p.m.; Tax Assistance Center, 2510 S. Brentwood, Suite 300, Brentwood, MO

May 12, 1999 — 2:00 p.m. to 4:00 p.m.; Tax Assistance Center, 2510 S. Brentwood, Suite 300, Brentwood, MO

— Cut Here —

Business Tax Seminar Registration

Name: _____ Date: _____ Business Name (if applicable): _____

Address: _____ Daytime Telephone Number: (____) _____

Please list the date, time and location of the class you will be attending.

Date: _____ Time: _____ Location: _____

Please list any questions regarding sales tax, withholding tax, registration or any other business tax topic so answers may be provided at the time of the class.

If you have questions regarding the scheduled classes, please contact the Tax Assistance Center office at the following telephone numbers:

Cape Girardeau	(573) 290-5850	Jefferson City	(573) 751-7191	Joplin	(417) 629-3070
Kansas City	(816) 889-2944	Springfield	(417) 895-6474	St. Joseph	(816) 387-2230
St. Louis	(314) 301-1660				

Tax Calendar

Due Dates for January – April 1999

January

- 4 Motor/Special Fuel Reports
- 6 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 12 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 15 Declaration of Estimated Tax for
Individuals
Cigarette Tax Credit Account and Return
Other Tobacco Products Monthly Reports
- 21 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 27 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment

February

- 1 Monthly Sales/Use Tax Returns
Quarterly Sales/Use Tax Returns
Annual Sales/Use Tax Returns
Quarterly Withholding Returns
Monthly Withholding Returns
Annual Withholding Returns
Motor/Special Fuel Reports
Tire Fee Due
Quarterly Insurance Tax Payments Due
Quarterly Interstate Fuel Tax User Report
- 3 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 16 Monthly Withholding Returns
Cigarette Tax Credit Account and Return
Other Tobacco Products Monthly Reports

- Other Tobacco Products Annual License
- 18 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 22 Monthly Sales/Use Tax Returns
Cigarette Tax Cash Accounts Return
- 25 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment

March

- 1 MO-1040 for Farmers to Achieve
Underpayment Status
Motor Fuel/Special Fuel Reports Due
Quarterly Insurance Tax Payment
- 3 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 15 Monthly Withholding Return
Cigarette Tax Credit Account and Return
Other Tobacco Products Monthly Report
Calendar Year Cooperatives with an
Automatic Extension to file 1998
Form MO-1120
- 18 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 22 Monthly Sales/Use Tax Return
Cigarette Tax Cash Accounts Return
- 25 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 31 Motor/Special Fuel Report

April

- 5 Quarter-Monthly Sales Tax

- Quarter-Monthly Withholding Payment
- 12 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 15 Estimated Tax Declarations
for Individuals
Estimated Tax Declarations for Calendar
Year Corporations
Form MO-1120 for Calendar Year
Foreign Corporations
Forms MO-1040, MO-1040A, MO-PTC
MO-1041, MO-1065, MO-1120
and MO-1120S
Form MO-60 – Extension Request
Cigarette Tax Credit Account and Return
Financial Institutions Tax Return
Other Tobacco Products Monthly Report
- 20 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 22 Cigarette Tax Cash Accounts Return
- 27 Quarter-Monthly Sales Tax
Quarter-Monthly Withholding Payment
- 30 Monthly Sales/Use Tax Return
Quarterly Sales/Use Tax Return
Quarterly Withholding Return
Monthly Withholding Return
Motor/Special Fuel Report
Tire Fee
Quarterly Insurance Tax Payment
Quarterly Interstate Fuel Tax User
Report

Tax Bulletin
Missouri Department of Revenue
P.O. Box 629
Jefferson City, MO 65105-0629

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